

FINAL BILL REPORT

2SSB 5053

PARTIAL VETO

C 301 L 96

Synopsis as Enacted

Brief Description: Disclosing real estate information.

Sponsors: Senate Committee on Government Operations (originally sponsored by Senators Haugen and Winsley).

Senate Committee on Government Operations

House Committee on Trade & Economic Development

Background: In 1994, the Legislature enacted laws requiring sellers of residential real property to make an extensive list of disclosures concerning their property, which they are required to deliver to a buyer within five business days of acceptance of a written buy/sell agreement.

Certain transfers are exempt from the disclosure requirements, including transfers as a result of foreclosure, transfers by deed in lieu of foreclosure and transfers by a lienholder who acquired the property through foreclosure. Transfers by a real estate contract forfeiture are not exempt.

The disclosures must be made in the form prescribed by the statute. Among the required disclosures are whether there is any standing water or drainage problems on the property, whether there is any damage from floods, whether the property is in a designated flood plain and whether the property is designated a flood hazard zone.

If the seller fails to provide a disclosure statement as required, the buyer may rescind the transaction at any time up until the transfer has closed. No exception is made for this remedy, even if the disclosure statement is delivered late, but prior to closing.

Other than the right of rescission, the disclosure law does not establish any other remedy for the buyer. The seller and any real estate salesperson or broker involved in the transaction are not liable for any error, inaccuracy, or omission in the required disclosure if they had no personal knowledge of the mistake. On the other hand, the disclosure law does not extinguish or impair any rights or remedies of the buyer under common law, statute or contract.

Summary: Sales of newly constructed homes and transfers pursuant to a real estate contract forfeiture or by a lienholder who has acquired title through foreclosure are added to the transactions that are exempt from seller disclosure requirements. An exempt seller may voluntarily activate the provisions of the disclosure law by using the disclosure form. The question on the disclosure form of whether the property is in a designated flood hazard area is deleted and the questions of whether a property is subject to a sewer capacity charge and whether there has been land slippage are added. The right of a buyer to rescind the

agreement to buy expires three business days after receipt of a late delivered disclosure statement. Sellers, real estate salespersons and brokers are not liable for any error, inaccuracy or omission in a disclosure of which they have no actual knowledge. Various references and time limits are corrected to be consistent. It is clarified that the preservation of existing remedies does not override the limited remedy provided for violations of this law.

Partial Veto Summary: The exemption for real estate transfers of new residential construction and transfers resulting from a forfeiture of a real estate contract is vetoed. The option of a seller, otherwise exempt, to activate the provisions of the disclosure statute is vetoed.

Votes on Final Passage:

Senate	47	0	
House	86	12	(House amended)
Senate			(Senate refused to concur)
House			(House refused to recede)
Senate	26	23	(Senate concurred)

Effective: June 6, 1996
July 1, 1996 (Section 2)